

NEWMARK



# *2026 Korea Office Capital Markets:* Conditions & Trends

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1Q26

# Key Takeaways

In 2025, Korea's office investment market entered a clear recovery phase, supported by easing interest rates and improved financing conditions, with transaction momentum concentrated in prime and core assets. In 2026, stable core-focused investment is expected to continue, alongside a gradual shift toward more capital-efficient deal structures such as share deals.



Interest Rate: 2.5%

Base rate stabilization



Investment Volume: KRW 22.9T

Increase in investment transaction volume



Average Transaction Prices(↑YoY)

Increase in average transaction prices



Cap Rate: 3.5~3.9%

Cap rate stabilization

# Korea Office Capital Market Major Trends & Outlook



## Recovery Expansion on Record Transaction Volumes

- In 2025, Korea's office investment market recorded a historic high transaction volume of KRW 22.9 trillion.
- Transaction momentum strengthened significantly as major prime assets—such as Signature Tower, Ferrum Tower, and CenterPoint Gwanghwamun in the CBD, as well as Gangnam N Tower, BNK Office, and SI Tower in the GBD—closed in succession.
- Looking ahead to 2026, the recovery trend is expected to continue amid a stabilizing interest-rate environment.



## Asset Value Recovery Amid Rate Stability and Easing Financing Conditions

- In 2025, senior secured loan rates remained stable at around 4%, while prime initial yields were maintained in the high-3% range.
- During this period, average office transaction prices in Seoul rebounded to KRW 31.42 million per pyeong, representing an approximately 8% year-on-year increase.
- Looking ahead to 2026, a stable interest-rate environment and steady financing conditions are expected to support a gradual price recovery.



## Deepening Flight to Quality Toward Core Offices

- In 2025, investment activity was concentrated in prime office assets within the CBD and GBD, reaffirming the role of core assets as the market benchmark.
- Capital was preferentially allocated to assets with proven leasing stability and liquidity, further widening the polarization between prime and non-prime properties.
- This "Flight to Quality" reflects a typical investment pattern during periods of easing uncertainty and is likely to persist into 2026.



## Rise of Non-Traditional Office Markets Beyond CBD·GBD·YBD

- In 2025, investment activity expanded beyond the traditional three core office districts (CBD, GBD, and YBD) into non-traditional locations.
- Notably, major transactions—including Pangyo Tech One, which recorded the largest single-asset deal at approximately KRW 1.9 trillion, as well as Sangam DMC Tower, Guro G-Valley Plaza, Nudit Seoul Forest, and Factorial Seongsu—were completed outside the core districts.
- Looking ahead to 2026, this geographic expansion is likely to become structurally embedded, marking a broader reconfiguration of the investment landscape rather than a temporary trend.

# Korea Office Capital Market Major Trends & Outlook



## Expansion of Share Deals in Prime Asset Transactions

- In 2025, share deals became a core transaction structure in Korea's office investment market, rather than an alternative approach.
- Their use expanded across major prime assets—including AP Tower, Signature Tower, Samsung-dong Building, and CenterPoint Gwanghwamun—highlighting a clear increase in adoption..
- Given advantages such as tax efficiency, faster execution, and improved capital efficiency, share deals are expected to remain a key transaction structure in the prime market in 2026.



## Ongoing Risk Discipline Despite Easing Financing

- Although both the U.S. and Korea have entered an interest-rate easing cycle, risk assessment by financial institutions remains conservative.
- Senior loan rates have declined to the high-3% to low-4% range, while PF loan rates have seen only limited compression, remaining in the mid-5% to low-6% range.
- As a result, financing conditions for investment- and development-driven deals are expected to improve only modestly in 2026.



## Rising Owner Occupier Demand Led by Large Corporates

- In 2025, increased participation by domestic corporate strategic investors (SIs) helped support office market stability through owner-occupier demand.
- CJ acquired the CJ CheilJedang Center to strengthen its headquarters strategy, while Bithumb purchased Gangnam N Tower and Kakao participated in Pangyo Alphadom Tech One.
- Amid rising supply, SI participation has emerged as a key factor in deal execution, with owner-occupier demand often determining transaction outcomes.

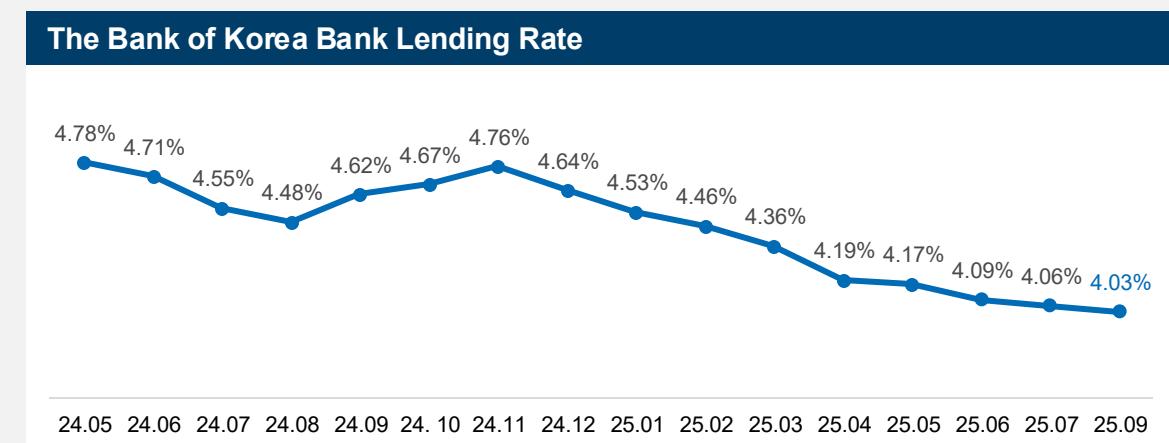
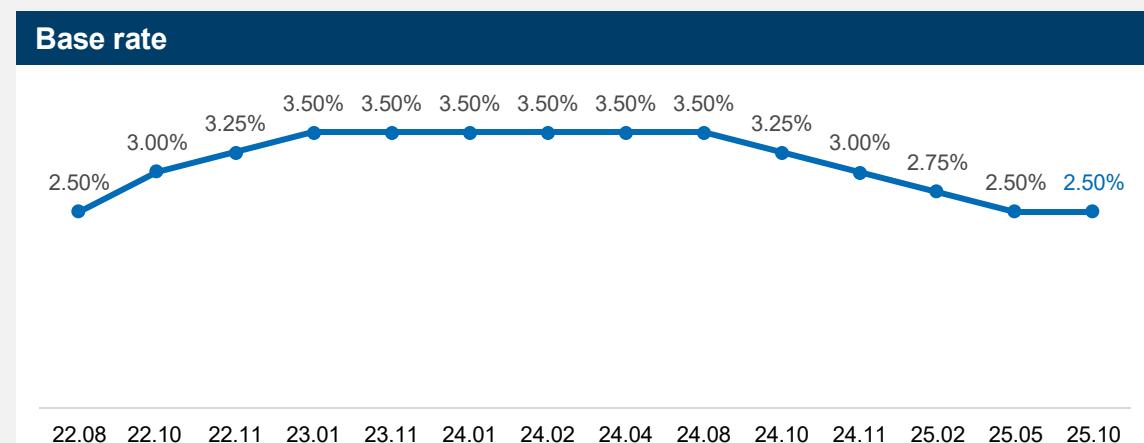
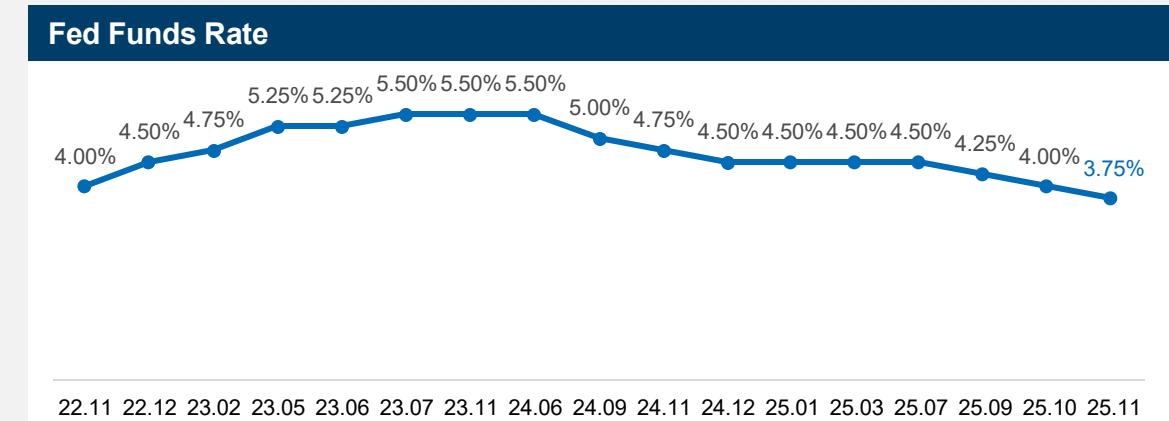
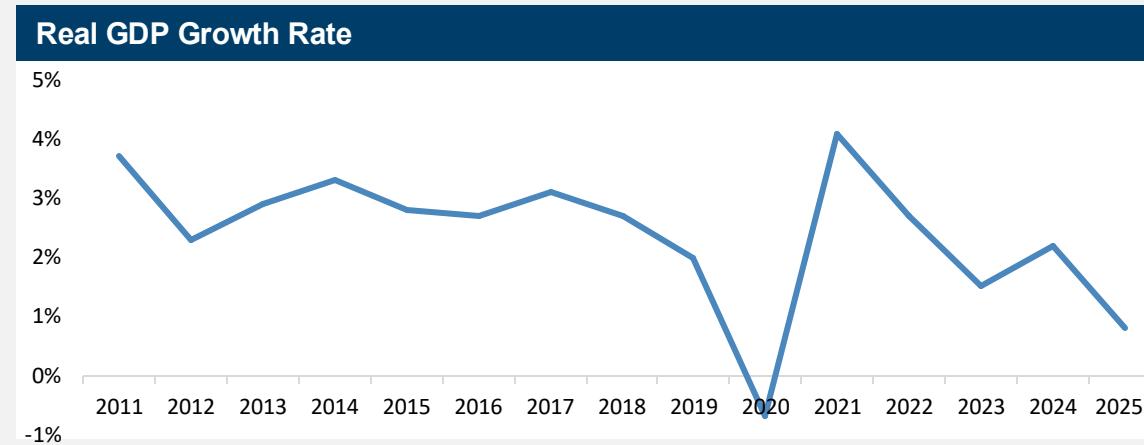


## Reshaped Investment Structures with Greater SI Participation

- In 2025, Korea's office investment market reached a turning point as returning domestic institutions, global investors, and corporate SIs diversified the demand base.
- In 2026, gradual price appreciation and stable transaction activity are expected, supported by the sequential sale of major prime assets in the CBD—such as Eulji Twin Tower, Seoul Square, and E-Mart Tower—as well as continued transactions in core assets across Gangnam and Yeouido.
- The expansion of share deals and increased SI participation are enhancing market liquidity and stability.

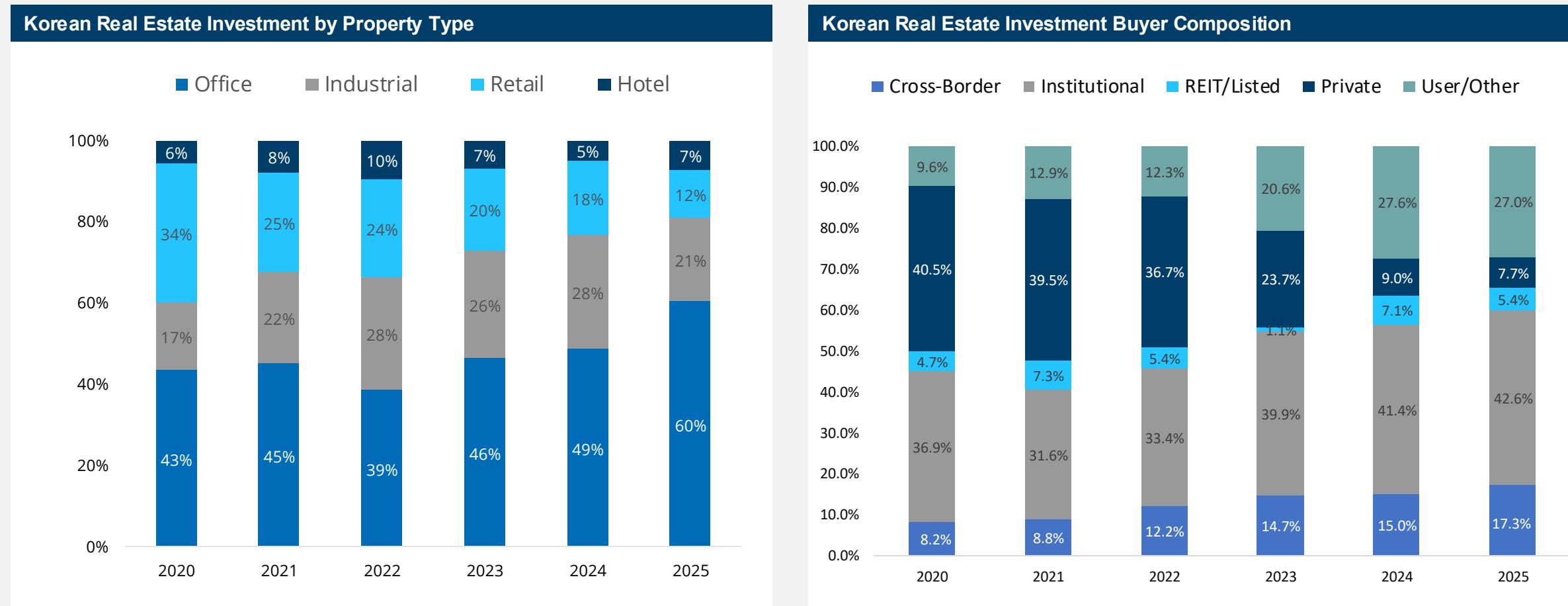
# Policy Rate Cuts Support Stabilization, but Financing Conditions Remain Tight

U.S. policy rates have eased to around 3.75%, while Korea has maintained its base rate at 2.50%, supporting overall market rate stabilization. Although average domestic bank lending rates have declined to the low-4% range, financing conditions remain tight due to conservative credit standards and stable spreads. Senior secured loan rates for prime office assets are stable at around 3.8–4.0%, while office development PF loan rates remain elevated in the mid-5% to low-6% range.



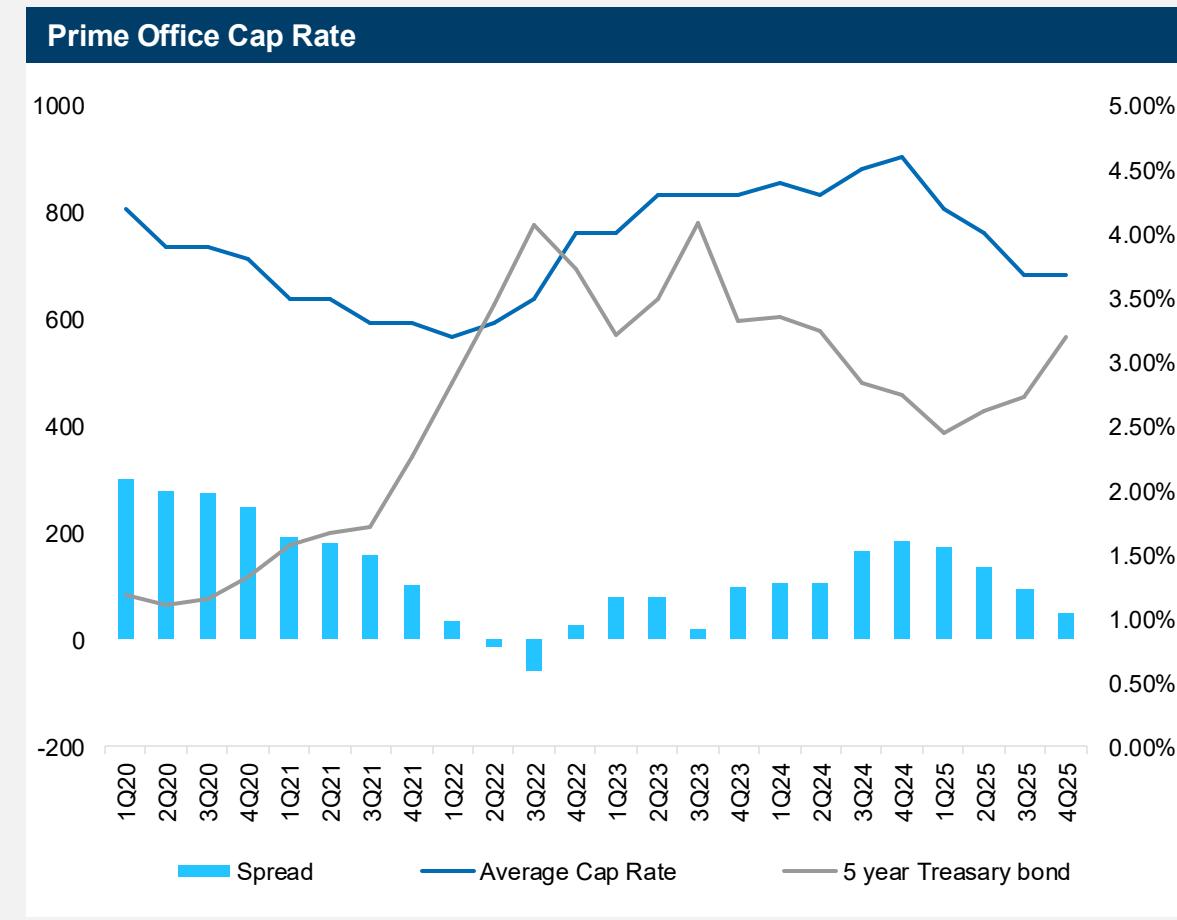
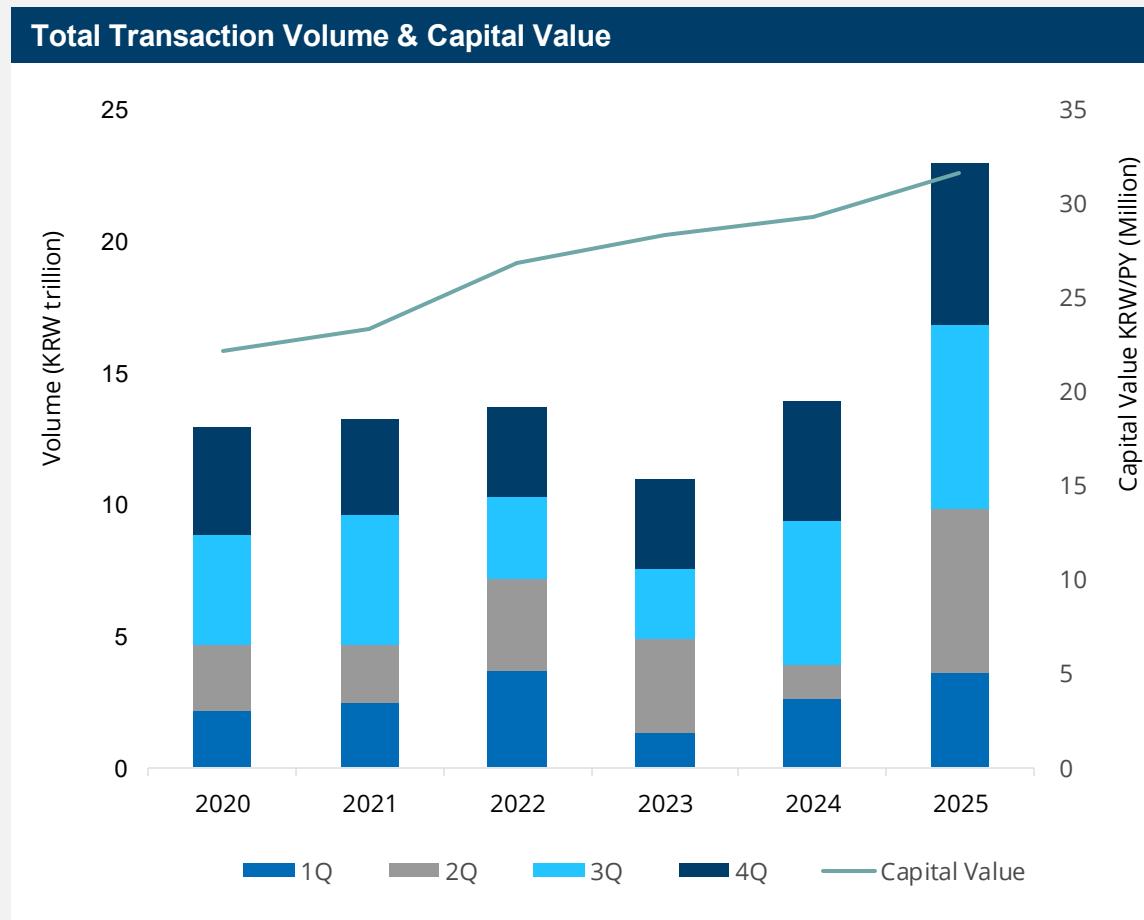
# Investor Preference Shifts Toward Office Assets Amid Rising Corporate SI Participation

In 2025, investor preference for office assets strengthened markedly, accounting for more than half of total commercial real estate investment activity. In particular, increased participation by domestic corporate strategic investors (SIs) emerged as a key determinant of deal execution.



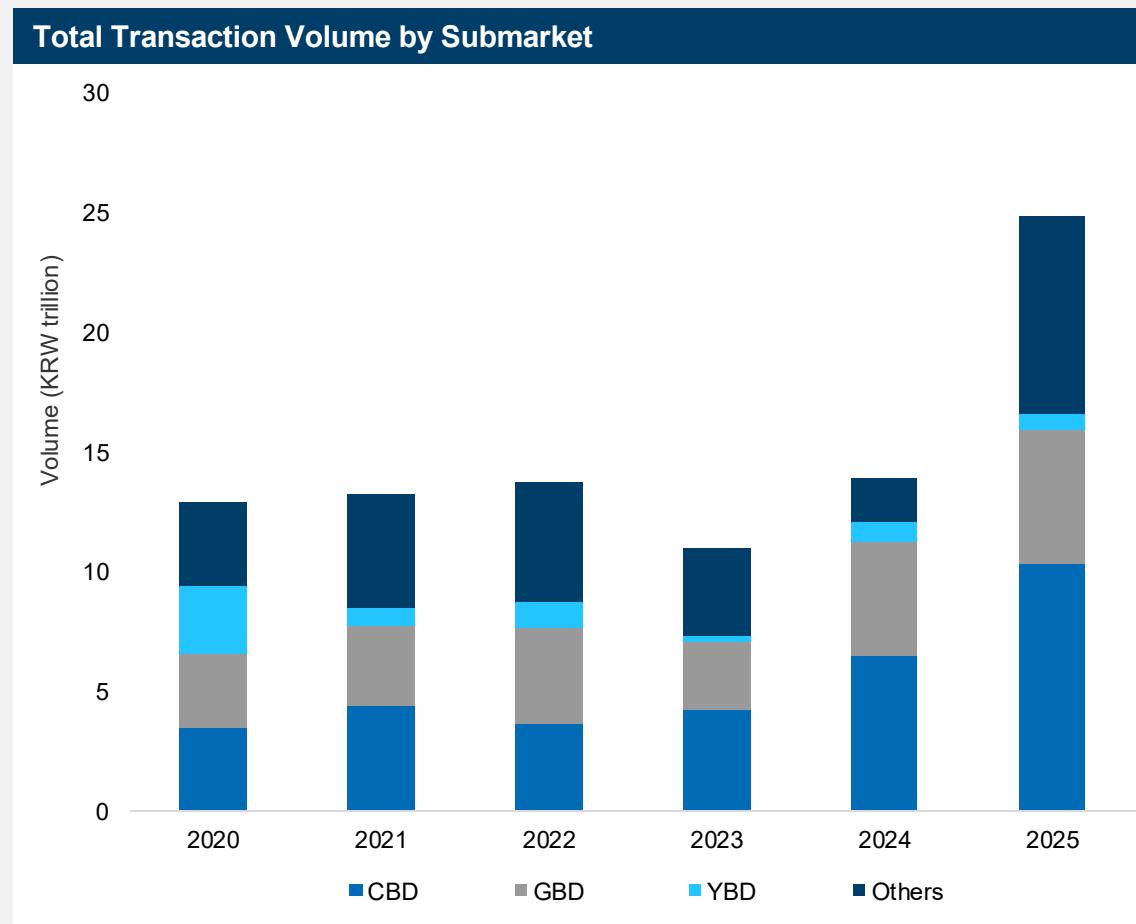
# Seoul Office Investment Hits Record High in 2025

In 2025, Seoul's office market recorded a historic high transaction volume of KRW 22.9 trillion, marked by simultaneous growth in transaction activity and a recovery in pricing. Average transaction prices rose to KRW 31.64 million per pyeong, up approximately 8% year on year, while cap rates for high-quality core assets remained stable in the low-4% to 4.5% range, supported by interest rate stabilization and the return of institutional investors.



# Transaction Recovery Broadens Beyond Core Submarkets as Corporate SIs Drive Demand

The most notable change in 2025 was that the recovery in transaction activity expanded beyond the traditional core submarkets (CBD, GBD, and YBD) into non-core areas. Alongside prime assets in core districts, strong momentum was also observed in Bundang–Pangyo, Seongsu–Seoul Forest, Magok, and Sangam DMC. Increased participation by domestic corporate strategic investors further strengthened market stability through owner-occupier demand.



**2024 – 2025 Top Buyers**

Buyer	# Props	Acq (KRW billion)
Korea Investment Holdings	5	4,282
Samsung Securities	2	3,282
NH Prime REIT	2	2,773
NH Invt & Securities	6	2,690
Hana Financial Group	4	2,625
KB Financial Group	4	2,203
KORAMCO	5	2,176
IGIS	5	2,119
KTCU	3	2,088
Kakao Corporation	1	1,982
POBA	4	1,936

# Major Office Transactions TOP 10 (2025)

In 2025, Korea's office investment market marked a year of both recovery and structural change, led by mega-sized transactions involving corporate strategic investors (SIs), most notably the Pangyo Tech One Tower deal (approximately KRW 1.98 trillion). Looking ahead to 2026, stable demand centered on core office assets is expected to persist, building on the recovery momentum of 2025. In the CBD, a concentration of large prime assets coming to market is likely to draw significant attention, while the GBD is expected to remain a focal point for SIs with owner-occupier demand. Investor interest in the YBD is also expected to expand gradually, supported by expectations of floor area ratio (FAR) relaxation.

Office	Location	Area (SQM)	Transaction Price (KRW billion)	Seller	Buyer
Pangyo Tech One Tower	Pangyo	197,232	1,982	Mirae Asset JV GIC	Korea Investment Real Asset Management JV Kakao Corporation
Signature Tower	CBD	99,989	1,346	IGIS AMC	KB Asset Management JV Kumho Petrochemical
SI Tower	GBD	66,200	897	KB AMC	IGIS AMC
Tower 730	Other	80,671	870	Hyundai Investments	BentallGreenOak
Scale Tower	GBD	49,398	791	Tiger Alternative Investment	Hyundai Motor Group
Gangnam N Tower	GBD	51,125	680	KB Real Estate Trust	Bithumb
KDB Tower	CBD	82,114	674	KB AMC	CJ Olive Young
Daishin 343	CBD	53,368	662	Daishin Securities	Daishin Value REIT
CJ CheilJedang Building	CBD	80,383	658	IGIS AMC	CJ CheilJedang
Ferrum Tower	CBD	55,693	645	Samsung Life	Dongkuk Steel

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